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SUBJECT: US-EU-CANADA TRILATERAL MEETINGS ON IRAN AND
US-EU MIDDLE EAST TROIKA MEETINGS AT THE DEPARTMENT, APRIL
10

REF: LISBON 2750

Classified By: EUR/ERA BILL LUCAS. REASONS 1.4 (B,D)

¶11. (C) SUMMARY: During the April 10 U.S.-EU-Canada trilateral meetings on Iran for the Slovenian EU Presidency, all three delegations agreed that Iran sought to undermine everything that the international community sought to achieve in the Middle East, and that its nuclear program and state sponsorship of terrorism constituted direct challenges to the international community and its norms of behavior. All agreed that Iran seemed increasingly confident in its influence in the region and its ability to defy the rest of the world. There was consensus that much more must be done to increase the pressure on the Iranian regime to change its external and domestic policies, but some divergences emerged on the means of doing so, particularly due to EU internal divisions on the Iranian nuclear program. In the U.S.-EU troika Middle East meetings that took place the same day, Department officials urged greater EU engagement on Iraq and support for regional reform efforts, explained the rationale behind USG support for autonomy (rather than independence) for Western Sahara, and updated the EU on our efforts to promote Arab-Israeli peace and Lebanese freedom from Syrian interference in Lebanon's internal affairs. In most of the other Middle East discussions, the EU reps were primarily in listening mode, but they did express frustration at the apparent slow progress of Israeli-Palestinian peace negotiations and defended engagement with Syria. In introductory remarks, EUR/ERA Director Bill Lucas urged the EU delegation to work with the Department to find ways to use the U.S.-EU summit in June to highlight and strengthen our bilateral cooperation on Middle East issues. END SUMMARY.

IRAN'S REGIONAL ROLE

¶12. (C) The EU delegation opened the Iran discussions by highlighting the uniformly negative role that Iran plays in the region, opposing the Arab-Israeli peace process, sponsoring Hizballah, Palestinian rejectionist groups, and other militant and terrorist organizations, and denying Israel's right to exist. Iran was a troublesome actor on all the regional issues of interest to the international community and it was growing increasingly self confident and assertive. The influence of the Iranian Revolutionary Guards Corps (IRGC) was growing within the regime and the constant regional travel of President Ahmadinejad and FM Mottaki gave the Iranian public the impression that their country was not isolated. The apparent lack of progress in Israeli-Palestinian negotiations also served to increase Iranian influence, even in predominantly Sunni Arab countries.

¶3. (C) NEA PDAS Feltman shared the EU's concerns and much of its analysis, agreeing that Iran was a threat to all of our regional priorities. Many of Iran's neighbors were troubled by its actions but hesitated to speak out. Through the ongoing Gulf Strategic Dialogue, the USG was working with the Gulf Cooperation Council (GCC) and the GCC 2 to provide defensive weaponry to Gulf states to strengthen their ability to stand up to Iran. The Iranians claimed to be supportive of the governments of Iraq and Afghanistan, but their actions did not match their words, as the recent congressional testimony of Ambassador Crocker and General Petraeus had highlighted in the case of Iraq. The international community needed to find ways to increase the price that Iran pays for its efforts to destabilize its neighbors. Feltman noted that while there might be differences of opinion and tactics within the Iranian regime, the decision to use violence and terror to destabilize Iran's neighbors had to be made at the highest levels. Acting Iran Office Director Wooster stressed that we have to judge Iran by its actions, and it has sent no signals of any kind that it wants to change its behavior or negotiate seriously on any issue.

¶4. (C) Canadian delegation head Venner agreed with the U.S. and EU analysis. He reported that Canada had amended its "controlled engagement policy" with Iran to add discussion of regional issues to the existing three subjects of engagement (the Iranian nuclear program, human rights, and consular

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affairs) with Tehran. Venner also reported that the Iranians had forced the Canadian ambassador to leave Tehran after Canada refused to accept three successive Iranian nominees (two of which were former hostage takers) to be ambassador to Canada. The Canadians had expected that Iran would eventually overplay its hand as it meddled in its neighbors, internal affairs and provoke a backlash, but this had not happened yet. However, certain events, including the UN Security Council sanctions on Iran for its nuclear activities, U.S. financial sanctions, and the U.S. capture of IRGC operatives in Iraq, had thrown Tehran off balance, and the international community should continue to find ways to keep the regime off balance.

IRAN'S NUCLEAR ACTIVITIES

¶5. (C) PDAS Feltman explained that the USG remained committed to the dual track approach to Iran's nuclear program--proceeding with sanctions as long as Iran continues to defy the UNSC, but offering a package of incentives if Iran is willing to cease enrichment and negotiate. It was crucial to increase the pressure on Iran, and Feltman hoped the EU would move quickly to implement UNSCR 1803 in EU policy/regulations, designate additional individuals and entities associated with Iran's nuclear program, and enact still further new EU sanctions. The international consensus that existed against Iran's nuclear program had to be leveraged to pressure Iran to make a strategic decision to end that program. The new Iran sanctions that the U.S. Department of the Treasury had implemented in 2007 were having an impact, and this should give us hope that additional measures can have an even greater impact. Wooster stressed that if the EU failed to approve a strong package of autonomous sanctions on Iran, that would send a clear message of weakness to Iran, and it would grow even bolder. Possible Russian or Chinese replacement of EU countries as Iran's business partners--or insufficient UNSCR implementation by those two countries--should not serve as an excuse for EU inaction.

¶6. (C) Venner reported that Canada was 95% finished implementing UNSCR 1803 and would take the final steps very soon. Going forward, Canada would support any new steps developed by the P5 1. The economic impact on Iran of

sanctions thus far seemed greater than might have been anticipated, but the sanctions nevertheless showed no sign of pressuring Iran to change its policy. At least in terms of rhetoric, the UN sanctions had only increased the determination of the Iranians to press forward. Tehran had also shown no interest in the P5 +1 incentives package. It was not clear whether it was high oil prices, Iranian public support for the nuclear program, or insufficient scope or bite to the sanctions that accounted for the regime's ability to resist thus far. Feltman agreed that the Iranians had shown no real interest in serious negotiation on any incentives to end their nuclear program. While the U.S. position on the preconditions for negotiations had shifted a great deal over time, the Iranians had shown no flexibility.

¶7. (C) The EU participants all stressed that they shared the goal of increasing the pressure on Iran, but the internal EU discussion on how to pursue this goal was unresolved. Several EU participants said it was difficult for the EU to act if Russia and China did not, because otherwise the latter pair would simply replace any economic ties that European countries might cut with Iran. The EU also felt that more needed to be done to send a clear message to the Iranian public that the international community recognizes Iran's right to civilian nuclear energy. This was necessary to counter the regime's claims that the West seeks to hold Iran back technologically. The 2007 U.S. National Intelligence Estimate (NIE) on Iran had not changed the EU's position on Iran sanctions, but the poor messaging and focus of the NIE had confused European publics and blunted support for decisive action.

¶8. (C) When the EU repeatedly noted that lack of consensus was preventing it from acting, Feltman and Wooster noted their frustration with this situation. The EU was not even in a position to state that it would be able to act if the waters that the NIE had muddied somehow became crystal clear. During a break after this session, the French and Council Secretariat representatives approached Wooster and asked the

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U.S. side not to "force the EU to say what it cannot", meaning that to force it to admit that internal divisions have paralyzed it. Instead they urged the USG to "twist the

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arms" of the Germans and Italians to get them on board with the sanctions effort.

IRAN AND THE FIGHT AGAINST INTERNATIONAL TERRORISM

¶9. (C) PDAS Feltman noted that Iran's state sponsorship of terrorism was aimed against everything the international community sought to achieve in the region. In blatant violation of UNSCRs 1701 and 1747, Iran had rearmed Hizballah since the 2006 war and it continued to use Hizballah as tool of propaganda and policy. Syria facilitated Iranian arms and financial transfers to Hizballah and others, but Iran was the key actor. Iran armed Palestinian rejectionist groups and provided funds and sophisticated weapons to elements in Iraq and Afghanistan that were using this support to attack U.S. and international forces. It was crucial that the international community devote greater attention to these Iranian actions and that it force the regime to pay a greater price for using such methods. Thus far the UNSC had been unable to reach agreement on a statement regarding Iran's violations of Security Council resolutions relating to Lebanon. Both Feltman and S/CT Feierstein noted that Iran was using the international diplomatic and financial systems to implement terrorism as state policy. Feierstein urged the EU to reconsider designating Hizballah a terrorist organization, particularly if Hizballah carried out some sort of revenge act for the killing of terrorist Imad Mugniyah.

¶10. (C) Slovenian MFA Middle East Department head Majhen

and French representative Salins noted that the EU listed Hamas as a terrorist organization, but not Hizballah, due to the lack of an EU consensus on the latter group. Some EU Member States did not want to close off dialogue with Hizballah because it represented a significant portion of the Lebanese population, but everyone recognized that it was seeking to undermine the Lebanese government. Some in the EU felt that engagement of Hizballah and its participation in Lebanese politics would moderate the organization over time. PDAS Feltman questioned this belief, noting that some people in Lebanon had taken this view and had brought Hizballah into the Lebanese government, but it had only grown more radical and irresponsible; it had even provoked a war with Israel while it was participating in the government. Feierstein added that Hizballah remained a tool of Iran, and not an independent Lebanese actor. Salins noted that the presence of Iranian FM Mottaki at the funeral for Mugniyeh showed that Iran no longer felt the need to make much effort to conceal its sponsorship of terrorism.

¶11. (C) Venner said Canada was concerned by Iran's active support for terrorism in the region. He noted that Iran was supplying ever more dangerous rockets to militants in Gaza. Its rearmament of Hizballah could enable that group to launch another conflict with Israel. Venner agreed that the world needed to call more attention to what Iran was doing, but beyond this it was difficult to find an effective response. Some Canadian parliamentarians were considering legislation to allow Canadian citizens to sue foreign governments in Canada for acts of state-sponsored terrorism, but the MFA had concerns regarding some of the likely diplomatic consequences of such legislation. Feltman noted that the U.S. already had such legislation, but that it was problematic for diplomatic purposes and there were few Iranian assets in the United States to be seized in any case.

POLITICAL SITUATION AND HUMAN RIGHTS IN IRAN

¶12. (C) Venner said the only significant developments in the Iranian domestic political and human rights situation in the last six months were the March Majlis elections and the general worsening of human rights abuses. The Majlis election was so utterly flawed that it was difficult to make much of either the outcome or the 60% turnout that the regime claimed. The new Majlis might give President Ahmadinejad some difficulties, but the significance of the Majlis election results for the upcoming presidential elections was not clear. It did appear that Ahmadinejad could be reelected if his opponents failed to unify against him. However, we should not focus overly on the presidential elections since little would change in Iran no matter who won the presidency. Although the human rights situation was worsening, it was becoming more difficult each year to secure passage of the Canadian-sponsored UN human rights resolution on Iran. However, if the international community gave up on the resolution and human rights in Iran more generally, it would

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lose credibility on the nuclear issue and play into the regime's arguments that the west did not care about the Iranian people. Ethnic minorities remained restive, but were not a serious threat to regime stability. Similarly, the economy was weak, but not faltering.

¶13. (C) DRL DAS Barks-Ruggles agreed with Venner's presentation, noting that many Iranians were effectively compelled to vote if they wanted to retain their jobs, student status, food subsidies, etc. It appeared that the number of spoiled ballots in the March election had been very high. The international community needed to do more to highlight all the ways Iranian elections failed to meet international standards and to show the Iranian people what real elections are like in other countries. On human rights, Barks-Ruggles agreed the situation was worsening; she raised the idea of reviving the previous practice of circulating

lists of specific cases to track and highlight. Supporters of the UN Iran human rights resolution would have to redouble their efforts to ensure it continued to be approved each year.

¶14. (C) Majhen said Canadian, U.S., and EU views on these issues were virtually identical. The Slovenian EU Presidency had issued a number of strong statements on the human rights situation in Iran (which both Feltman and Barks-Ruggles acknowledged and appreciated). The Presidency would continue to issue statements and raise the issue with the Iranians. Majhen noted that the EU continued to try to persuade Iran to resume a human rights dialogue with it, but it was not optimistic that Tehran would do so. European Commission representative Tezapsidis noted that the Iranians often refused to receive EU demarches on human rights and that sometimes the only way they could be delivered was for the Slovenian MFA to summon the Iranian Ambassador in Ljubljana to receive the messages. Tezapsidis noted that the regime had also refused to approve any presence by the European Commission in Iran. EU Council Secretariat representative Cosse described the elections as a victory for the Iranian Supreme Leader since he succeeded in sidelining the reformists and reducing them to a purely intellectual opposition. Salins cautioned that the international community must be careful if it sought to observe Iranian elections in any way, so as not to give any legitimacy to a completely flawed process. Salins noted it was unclear whether the regime's manipulation of the Majlis elections, which was much more blatant than in the past, reflected confidence or insecurity.

IRAQ

¶15. (C) S/I Deputy Coordinator Blakeman noted that the recent testimony by Ambassador Crocker and General Petraeus, as well as the April 10 statement by President Bush, made clear that the USG remained committed to supporting a stable, democratic Iraq. Violence had dropped considerably in the last six months, but more political progress was necessary. Some significant legislation of interest to the Sunni minority had already been approved, including modification of de-Baathification laws, an amnesty, pension reform, and a provincial powers law that would lead to new provincial elections by the end of the year. International engagement was growing as well, with an upcoming Iraq neighbors ministerial in Kuwait on April 22 and an International Compact meeting in Sweden May 29.

¶16. (C) Blakeman urged the EU to implement elements of the Iraq recommendations in a recent report of the European Parliament and to move against the broadcasting and fund raising efforts of the Kurdistan Workers Party (PKK) in Europe in order to help forestall additional Turkish military activity in Iraq. He also asked the EU to increase its diplomatic presence in Iraq and support U.S. efforts to encourage additional Arab diplomatic representation and outreach in Iraq. When Iraqi PM Maliki visited Brussels the week of April 14-18, it would be helpful for the EU to press Maliki to do more to assist Iraqi refugees (a message the USG was already sending). Blakeman also noted that the USG would welcome an early visit by EU High Representative Solana to Iraq and updated the EU on the status of U.S.-Iraqi negotiation of a status of forces agreement (SOFA).

¶17. (C) Majhen stressed the EU's support for national reconciliation efforts in Iraq and its efforts to find ways to increase its engagement in Iraq. The EU remained concerned by the human rights situation in Iraq and by the plight of internal and external Iraqi refugees. Tezapsidis

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added that Commission assistance to Iraq was shifting towards institution and capacity building. Negotiation of the EU-Iraq trade and cooperation agreement was progressing well, and a fifth round of talks would take place June 18-20.

REFORM IN THE MIDDLE EAST

¶118. (C) NEA DAS Patton stressed the commitment of President Bush and the Secretary to the promotion of democratic reform as a key pillar of U.S. policy in the Middle East. We were now focusing on country-specific programs and cooperating with reformers and governments in an effort to develop the region's governing institutions and democratic processes to international norms. In some countries we were pressing for comprehensive reforms (Syria, Iran), in other places we sought to strengthen existing democratic institutions (Iraq, Lebanon, Palestinian Authority), and in the rest we had a mixed package of technical assistance programs focusing on a wide variety of reform efforts including promoting education, strengthening civil society, and supporting women's rights. The G8 Broader Middle East and North Africa (BMENA) initiative was another tool we used to promote political, education, and financial reform.

¶119. (C) EU participants asked DAS Patton if the U.S. worked with the Arab League in these efforts, how certain cases of "elections gone wrong" had affected U.S. policy, whether steps towards democracy had increased sectarianism in the region, and how the U.S. viewed the EU role on these issues. Patton said that those regional elections that had taken place in open, transparent systems had led to defeats for radical parties (including in Jordan, Morocco, and Pakistan).

It was when the state sought to crush and de-legitimize any political opposition that radical Islamists grew stronger, as had happened with the PA's efforts against Hamas prior to the 2006 elections and as we were now seeing in Egypt. There was no single model for everyone to follow, but people needed to feel that they could change and improve their governments by peaceful means. In U.S. policy, these efforts had to be balanced with security interests in a nuanced, long-term approach. Overall we saw EU policy on these issues as complementary to our own, but Patton urged the EU to send a stronger, more consistent pro-reform message in its engagement with the region and not simply to focus on political or economic ties.

WESTERN SAHARA

¶120. (C) NEA DAS Gray reported that the USG had just completed a policy review on the Western Sahara issue; we had concluded that it was time to resolve this long-running issue and that the most realistic solution is autonomy for Western Sahara under Moroccan sovereignty. Morocco would not accept Western Sahara independence, the international community would not impose it, and such an independent state would not be viable. The U.S. thus encouraged the Polisario to discuss the Moroccan autonomy plan or put forth its own autonomy plan. There were indications that the Polisario might seek to wait out the end of the current U.S. administration, but this was a mistake, as our policy would not change with a new administration. Majhen noted that the EU had no common position on Western Sahara due to divisions among EU Member States. Salins clarified that while this was true, all EU Member States supported the negotiation process.

ARAB-ISRAELI PEACE

¶121. (C) NEA DAS Danin noted that the Secretary and President Bush were committed to reaching an Israeli-Palestinian agreement by the end of the year. The United States continued to work on four tracks: quiet negotiations between the parties, capacity building of Palestinian institutions, implementation of Roadmap commitments, and regional support for the process. Hamas was a challenge to these efforts, but the door for dialogue was still open to Hamas if it chose to meet the requisite criteria. In principle, the USG welcomed the Russian proposal for a conference in Moscow as a follow up to Annapolis, but only when the focus and objectives for such a conference were clearer and the timing appropriate.

It was possible there might be a Quartet meeting in early May to coincide with the May 2 meeting of the Ad-Hoc Liaison Committee (AHLC) in London.

¶22. (C) The EU representatives welcomed regular high level
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meetings to keep the two parties on track and ensure that their negotiations progressed. The EU also stressed the need for improvements in the situation on the ground, and placed the onus for action on Israel. The growth of Israeli settlements and the increase in the number of Israeli obstacles to movement in the West Bank had to be addressed if negotiations were to progress and economic development in the West Bank to be possible. If something were not done, the West Bank could go the way of Gaza. The EU could not keep putting its money into an economic "black hole." Pessimism was growing among Arab countries, and they might withdraw their support for the current peace efforts if there were no visible progress. Danin agreed that Israel should do more, but so should other countries in the region. Many Arab countries had not yet delivered on their pledges of support to the Palestinian Authority; the Arab states needed to actively support the process and not simply be observers.

LEBANON/SYRIA

¶23. (C) The EU representatives highlighted their support for the Arab League initiative on Lebanon. They recognized that Syria was the main obstacle to progress in Lebanon, but did not want to isolate Damascus. The EU preferred to engage Syria and find ways to move Damascus out of the Iranian orbit. There had to be a way to end the Iranian-Syrian "marriage of convenience" and bring Syria back into the mainstream Arab fold. DAS Danin said the USG was disappointed with Syria's post-Annapolis behavior and its failure to follow up with any actions that would indicate a willingness to change its problematic behavior. The USG was not trying to isolate Syria, but rather to persuade it to choose a new course. If Damascus wanted to change, it could begin to demonstrate this by allowing the election of a new president in Lebanon. If there were a way to separate Syria from Iran, it was not apparent to us. High profile visits to Syria by a variety of leaders had failed to produce any results. In response to a question from the EU, Danin said that U.S. warships were stationed off the Lebanese coast as a reflection of our concern for regional stability. The deployment was intended to have a stabilizing effect, and thus far it appeared to have done so.

NEXT MEETINGS

¶24. (U) The Canadian delegation proposed that the next U.S.-EU-Canada trilateral meetings on Iran and the U.S.-EU Middle East troika meetings take place in Ottawa in September (with a specific date to be determined).

¶25. (U) Participants:

United States:

Jeffrey Feltman, Principal Deputy Assistant Secretary, NEA
Kent Patton, Deputy Assistant Secretary, NEA
Gordon Gray, Deputy Assistant Secretary, NEA
Robert Danin, Deputy Assistant Secretary, NEA
Chat Blakeman, Deputy Coordinator for Iraq policy, S/I
Henry Wooster, Acting Office Director, NEA/IR
Erica Barks-Ruggles, Deputy Assistant Secretary, DRL
Gerald Feierstein, S/CT
Bill Lucas, Office Director, EUR/ERA
Jeffrey Giauque, Senior Political Officer, EUR/ERA

Canada:

Gordon Venner, Director General for the Middle East and North Africa, Canadian MFA
Jeffrey McLaren, Deputy Director, Iran/Iraq, Gulf and Maghreb Division, Canadian MFA
Racha Mishra, Iran Desk Officer, Canadian MFA
Allen Brown, Counselor, Canadian Embassy, Washington DC

EU Council Secretariat:

Didier Cosse, Middle East/Gulf Task Force, Brussels
Colin Scicluna, Middle East/Gulf Task Force, Brussels

EU Commission:

Leonidas Tezapsidis, Head of Unit for the Near East, DG RELEX, Brussels
Reinhold Brender, Political Counselor, Delegation of the European Commission, Washington DC

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Slovenia:

Miljen Majhenm, Chair of Middle East and Gulf Section, Slovenian MFA
Tomaz Mencin, Minister Plenipotentiary, Head of the Department for Asia, Africa, and Pacific, Slovenian MFA
Tadej Rupel, Political Counselor, Slovenian Embassy, Washington DC

France:

Renaud Salins, Counsellor for Middle East Affairs, French Embassy, Washington DC
RICE